

**MINUTES OF THE**  
**CITY OF SANTA FE**  
**PUBLIC UTILITIES COMMITTEE**

**Santa Fe, New Mexico**

**August 20, 2003**

A regular meeting of the City of Santa Fe Public Utilities Committee was called to order on this date at approximately 5:45 p.m. in City Hall Council Chambers. Roll Call indicated the presence of a quorum, as follows:

**Members Present:**

Councilor Matthew E. Ortiz, Chair  
Councilor Patti J. Bushee  
Councilor David Coss  
Councilor Rebecca Wurzbarger

**Members Excused:**

Councilor Carol Robertson Lopez

**Other Governing Body Members Present:**

Councilor Karen Heldmeyer

**Staff Present:**

Mr. Joe Abeyta, Water Division  
Mr. Galen Buller, Water Division  
Mr. Costy Kassisieh, Wastewater Division  
Mr. Kyle Harwood, City Attorney's Office  
Ms. Luana Montoya, Public Utilities Department  
Mr. Antonio Trujillo, Water Division  
Ms. Judith Beatty, Recorder

**APPROVAL OF AGENDA**

**Councilor Wurzbarger moved approval of the Agenda, as published. Councilor Coss seconded the motion, which passed 4-0 by voice vote.**

### **APPROVAL OF MINUTES: July 2, 2003, and July 16, 2003**

Referring to page 6 of the July 16 minutes, under discussion about policies and procedures with respect to the City's Government Access Channel, Councilor Wurzbarger recalled suggesting that the Ethics & Rules Committee discuss the issue of behavioral guidelines for Councilors seeking reelection.

Other Councilors on the Committee recalled this suggestion as well, which was not reflected in the minutes.

The following sentence was added to the end of the second paragraph of Item G on page 6:

She asked that this be referred to the Ethics and Rules Committee.

**Councilor Wurzbarger moved approval of both sets of minutes, with the amendment to the July 16 minutes as noted. Councilor Coss seconded the motion, which passed by voice vote, with Councilor Bushee abstaining.**

### **MATTERS FROM THE CITY ATTORNEY**

#### **Executive Session for the Limited Purpose of Discussing the Purchase, Sale or Lease of Water Rights Pursuant to Section 10-15-1-H (7) and (8) NMSA 1978**

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Mr. Harwood asked the Public Utilities Committee to go into executive session for the limited purpose stated on the agenda.

**Councilor Bushee so moved. Councilor Coss seconded the motion, which passed on the following Roll Call vote:**

**For: Councilor Bushee; Councilor Coss; Chair Ortiz; Councilor Wurzbarger.**

**Against: None.**

The Committee was in executive session from approximately 5:45 until 6:30 p.m.

**Councilor Bushee moved to come out of executive session, noting that the only item discussed was that stated on the agenda. Councilor Coss seconded the motion, which passed 3-0 by voice vote. [Councilor Wurzbarger was not present during this action.]**

## **INFORMATIONAL ITEMS**

### **Update Current Water Supply Status and Outlook for 2003.** **(Gary Martinez, Source of Supply Manager, Water Division.)**

Mr. Martinez reviewed the Weekly Water Report for the week ending 8/17/2003.

Mr. Martinez highlighted the following figures:

City Well Production Weekly Average:	2.82 mgd
Buckman Well Water Production Average:	3.76 mgd
Combined Well Production Average:	6.59 mgd
Surface Water Facility Production Average:	6.09 mgd
Total Weekly Average Combined Production:	12.68 mgd

Demand for that week:	13.17 mgd
Las Campanas demand average:	1.64 mgd
Las Campanas golf courses:	9.9 mgd
Las Campanas domestic:	1.56 mgd

Reservoir Levels:	63%
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Councilor Heldmeyer noted that the surface water plant is putting out 6+ mgd, which she recalled as very close to the level where the City begins to get into water quality problems. She asked how that would be addressed.

Mr. Martinez responded that the treatment facility has been averaging 5.6 mgd with no turbidity problems. He said the additional amount is coming from St. Mike's. He said the potential for problems depends on the turbidity that comes into the treatment plant, but right now the water is very good.

Councilor Coss observed that demand over production is about 1 mgd.

Mr. Martinez said that was true, but asked the Committee to keep in mind that there are 30 million gallons in reservoir storage.

### **Water Conservation Committee Update. (Joe Abeyta)**

Mr. Abeyta stated that, for the last year, the Water Conservation Committee has met monthly to discuss and recommend water conservation ideas to the Governing Body, resulting in the creation of a recommended budget for the

Water Conservation Fund. He said the Fund most recently was used to co-sponsor a water fair at the Community College.

Mr. Abeyta stated that the Water Conservation Committee is developing new recommendations using the Fund, which include an emergency revolving loan program for household water leaks; a rebate program for other water conservation devices, and an onsite water conservation survey to include a water conservation survey kit.

Councilor Bushee suggested that Mr. Abeyta look into an Albuquerque program where water conservation kits are being sold by nurseries with a \$15 rebate coupon that goes to the city's rebate program.

Councilor Coss said the Water Conservation Committee is planning to recommend a \$100 rebate for two types of water saving devices: low flow washing machines, and hot water recirculation pumps. He commented that this is the "next step" in saving on indoor water use in a very measurable way, but it is expensive. He said it raised the question of "do we want to give rebates off of ten dollar surcharges to a select group of people who can afford those, or are we going to look at a new funding mechanism down the road?" He said the City needs to balance out how much water it can save with those versus how available those devices are to the community as a whole.

Councilor Bushee suggested that the Water Conservation Committee look at what Albuquerque is doing, since their programs are pretty comprehensive. She asked that the Committee particularly look into potential savings through the use of air conditioners versus swamp coolers.

Councilor Heldmeyer asked if the Committee has looked into conservation programs for businesses, and Councilor Coss responded that it hasn't.

Councilor Wurzbarger suggested targeting businesses that wash sheets for hotels, i.e., instead of looking at all businesses, focus in on the dishwashers/dryers, etc.

#### **PUC Subcommittee Report on Utility Demand Analysis. (Chair Matthew Ortiz)**

Chair Ortiz stated that the subcommittee (staff, himself and Councilors Heldmeyer and Wurzbarger) has been meeting for some time and should have a report in approximately a month. He said the report will include numbers, data and policy recommendations.

Chair Ortiz reported that, based on the research, in terms of existing customers (a category that still needs fleshing out), plus future customers in

developments currently under construction, there is a range of between 11,250 to 14,000 acre-feet per year in potential demand. He said service to existing customers requires a minimum of 10,500 acre-feet (based on 2002 numbers, when there were severe drought restrictions in place). He stated that an average of 12,500 acre-feet was culled from 2001, which was a relatively high figure.

Chair Ortiz said, "So 10,500 is the bare minimum to service existing customers, and you're looking at 12,500 acre-feet to serve when there's relatively few restrictions. When you come up with the 11,250 to 14,000 acre-feet, that difference [750 to 1,500] is the amount of demand that is not accounted for in terms of customers we would need to provide water to either now or some time in the future — that when it comes on line, the City has a legal obligation to provide."

Chair Ortiz stressed that these were only preliminary figures.

Chair Ortiz went on to state that there is potential future customer water demand to which the City might have a commitment to, and those total 1,750 acre-feet to 3,500 acre-feet per year. He said these are water service agreements that were acquired by PNM and were entered into when the City acquired the water company.

Chair Ortiz said total demand, including existing demand and potential commitments for water service, is 13,000 to 17,500 acre-feet per year. He stated, "This leads to the inescapable conclusion that, if all of the demand came online, we do not have sufficient water resources to provide."

Chair Ortiz said this figure does not include a whole range of customers who think they might have some right to the water, but where the City does not agree.

### **ACTION ITEMS**

**Proposed Amendment(s) to Bill No. 2003-31. Amending Section 25-2.6 SFCC 1987 Regarding Indoor Water Conservation, Increasing the Fines for Failure to Comply with Retrofitting Requirements for Existing Commercial Users. (Councilors Ortiz, Heldmeyer, Wurzburger, Bushee, Pfeffer) PUBLIC HEARING.**

There was no public comment.

City Planner Jeanne Price called attention to two amendments in the packet, one correcting the effective date, and the other to supply shutoff procedures.

**Councilor Bushee moved for approval, as amended Councilor Wurzburger seconded the motion, which passed 4-0 by voice vote.**

**Request Approval of Water Finance Plan (20-year) Projected for Capital Projects, Revenues and Other Sources, Operations, and Debt Service for Water Utility (Integrated Utilities Group).  
PUBLIC HEARING.**

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There was no public comment.

Integrated Utilities Group consultant Jason Mumm presented a series of slides. *[Hardcopy included as Exhibit "A."]*

Mr. Mumm explained how IUG changed various assumptions after his last presentation based on comments by City Councilors and created three scenarios for discussion.

In reviewing Scenario 1, Mr. Mumm stated that this was the most probable of the three:

- Funding is limited to GRT revenue bond — \$62.9 million in 2005, no other grants or contributions.
- Water Division also borrows \$45 million in revenue bonds.
- Other funding comes directly from ratepayers in the form of rate increases.

Mr. Mumm stated that he could not speak to the probability of the City getting a GRT tax passed, but IUG saw that as more reasonable and within the City's control to do that, as opposed to relying on external sources such as the County or State and Federal Government to come up with money.

Chair Ortiz asked what the timelines would be for an election, and Mr. Mumm said there has been discussion about a November or March election.

Mr. Mumm stated that this scenario, presenting 8+% rate increases from 2004 to 2010, falling off and ending in 2011, was flexible — for example, there could be a 16% increase in the first year, then the next year could be skipped, and so forth.

Mr. Mumm reviewed Scenario 2:

- GRT revenue bond (\$62.9 million)
- County GRT contributions (not bonded)
  - 2004 -- \$4.35 million
  - 2005-2007 -- \$3.1 million/year
- Water Division borrows \$45 million in revenue bonds
- Other funding comes directly from ratepayers.

Mr. Mumm said this scenario calls for lower increases in the neighborhood of 6.5% throughout.

Mr. Mumm reviewed Scenario 3:

- GRT revenue bond (\$62.9 million)
- County GRT contributions (not bonded)
  - 2004 -- \$4.35 million
  - 2005-2007 -- \$3.1 million/year
- State Grants (not bonded)
  - 2004 -- \$2.05 million
  - 2005-2007 -- \$3 million/year
- Federal Grants (not bonded)
  - 2004 -- \$7 million
  - 2005-2007 -- \$9 million/year
- Water Division: no revenue bonds required, but could reduce ratepayer impact in short term with \$24 million issuance in 2004
- Other funding comes directly from ratepayers in the form of rate increases.

Mr. Mumm stated that 5% rate increases would be required across the board if the City does not borrow any revenue bonds; if the City borrows \$24 million, it could decrease the rate in the first five years, but in the last five years the rate would be a little bit higher — essentially buying time for the revenue bonds. He said this would be a policy decision as to which would be preferable.

Councilor Bushee asked why none of the scenarios included property tax, and Mr. Mumm responded that IUG could not get a good estimate. He commented that he has been told the bonding capacity is \$80 million, but there were some legal issues involved that couldn't be clarified prior to this presentation.

Councilor Bushee asked for further analysis from staff. She said she would like to see the cost to the average consumer for a 1/4% tax increase versus a property tax increase.

Chair Ortiz noted that Las Vegas has an energy tax imposed on its hotel rooms, and suggested staff look into the possibility of attaching an additional surcharge or tax on rooms – a water tax, so to speak. He suggested perhaps there could be a water assessment instead.

In discussion on that, Chair Ortiz said he would assume that the bondholders would not object as long as the City would not be limiting its ability to pay its bonds and would actually be looking for more revenue.

Chair Ortiz again asked if anyone wished to speak from the floor. There was no response.

**Councilor Coss moved to adopt the recommendations that staff and the consultant have made.**

Councilor Coss said he would assume this would cause the City to quickly decide whether it wanted to go the route of a GRT or property tax increase.

Chair Ortiz asked Mr. Mumm if the Committee is being asked to choose a scenario, or just to go forward with the recommendations as presented.

Mr. Mumm said the latter was correct. He said he thought the scenarios would come together based on what happens.

**Councilor Wurzburger seconded the motion.**

Councilor Bushee said she would be interested in seeing a hybrid of GRT and property tax increases.

Councilor Wurzburger said she would like to see the recommendation developed before going to the Finance Committee for action.

**Following discussion, Chair Ortiz restated the motion to adopt the recommendations, with some input provided by staff to pursue this hybrid idea and some kind of study on the relative equities of each potential tax, or impacts to consumer groups.**

In discussion on timing, Councilor Wurzburger pointed out that the market is quickly changing and the City has been advised on other issues to look at bonding issues sooner rather than later.

Mr. Mumm stated that, from a financial planning perspective, it would be necessary to get the proceeds online in 2005. He said this means the referendum process has to be put in place, the underwriters have to get working, "and the ball needs to get rolling." He agreed that it might be important to move quickly on the bonding issue.

**Additional language was added to schedule a study session at a City Council meeting as soon as possible.**

**The motion passed 4-0 by voice vote.**



**Request Approval of Resolution No. 2003-\_\_\_\_. A Resolution authorizing and approving submission of an executed agreement for financial assistance to the New Mexico Environment Department, Construction Program Bureau, for the upgrade and improvements to the Santa Fe Water Treatment Facility.**

**Councilor Coss moved for approval. Councilor Bushee seconded the motion, which passed 4-0 by voice vote.**

**Request by Stone Creek Senior Apartments for consideration under Section 6 of City Council Resolution 2002-22. (Antonio Trujillo)**

Chair Ortiz noted that this project would be located in the Traditional Village of Agua Fria.

Staff's report stated that Resolution 2002-22 prohibits extension of or connection to the City water system and sewer system, and also limits connections to the sewer system beyond city limits.

The report stated that Technical Review has determined that this request does not meet the criteria under Section 5 exceptions, and that the applicant is now requesting consideration under Section 6 exceptions.

Councilor Coss commented that this may be a worthy project, but the resolution was adopted for good reason — until the City knows where the water is coming from, where it will get it and where it wants to put it, it will not extend outside of city limits anymore. He remarked that Agua Fria Village has made it abundantly clear that they do not want to be annexed by the City.

Councilor Coss added that he was sobered by the preliminary report from the PUC subcommittee this evening about how much water the City has potentially committed to provide already.

Appellant Scott Hoeft, Santa Fe Planning Group, Inc., was sworn. He said they have been working on the site for 18 months. He stated that the site is in the county but is surrounded by city water and sewer on three sides.

Mr. Hoeft said he realized that there was no chance of annexing this Traditional Village. He stated that the City told them a year ago that their proposal sounded good, but they would have to annex. He said the Water Division said the same thing. He said the local water co-op said they thought this was a good project but they would have to pursue city water. He stated that the

County also liked the proposal but said they would have to figure out how to get water there.

Mr. Hoeft stated that their options are to drill a well, go to the co-op, or get City water.

Mr. Hoeft said that, after working on this for a year, they decided to go to a residential use because they thought they would get more support. He stated that they originally wanted a light industrial/commercial use, adding that the current low density residential zoning “is inappropriate — it’s just antiquated.”

Mr. Hoeft stated that their original plan was for an apartment complex of 160 dwelling units, but there were many concerns, e.g., density, traffic, schools.

Mr. Hoeft said they then decided on a senior housing project, which would also substantially reduce water demand as opposed to the apartment complex — 16 acre-feet versus 34, and possibly reducing it further to about 10 acre-feet.

Mr. Hoeft stated that the Agua Fria Development Committee unanimously approved the newer plan, as did the Board of County Commissioners — with the condition that it is kept at 120 units and that they get city water.

Mr. Hoeft pointed out that the City Council could opt to make an exception and approve this extension, given that it will benefit the overall community.

Responding to questioning from Councilor Bushee, Mr. Hoeft said they plan to use a water catchment system for landscaping.

**Councilor Wurzbarger moved to postpone this request to the first meeting in November, until after the PUC receives its final report from its subcommittee and can look at the recommendations with respect to how the City will proceed to meet the water needs for projects the City has already committed to.**

Councilor Wurzbarger remarked that this seemed like a “perfect project,” but in good conscience she could not recommend approval having just heard the subcommittee’s preliminary report.

**Councilor Coss seconded the motion.**

Councilor Coss noted the County Commission’s condition of approval that they get City water. He commented that this seemed like “an easy out” for the County.

Chair Ortiz wondered how many projects the City has been presented with where the County has given approvals conditioned upon the City providing water

and sewer. He said, "Then these people come to the City and say, we've got approval, but oh, yeah — you've got to give us water, sewer, whatever. It is a passing-the-buck tactic that the County seems to employ with many projects."

Councilor Bushee asked Mr. Hoeft if the County, in directing Mr. Hoeft to get City water, is saying that he cannot sink a well under any circumstances.

Mr. Hoeft responded that he did not know for sure, since not being allowed to drill a well would mean any development project couldn't go forward. He said they would probably "scrap the current proposal and start over again.... We would probably have to go back to the original proposal that we started off at a year and a half ago, and go with a light industrial business complex."

Chair Ortiz commented that this kind of use probably wouldn't be supported by a well, either.

Councilor Bushee questioned how Mr. Hoeft would get that through the Agua Fria Village group.

Mr. Hoeft said they would probably do a septic system, too.

Mr. Kassisieh pointed out that the closest sewer line to the subject property is the Rufina sewerline, but he would probably have to install a pump station.

Councilor Bushee said she saw this property as appropriate for infill as well as for a senior housing project. She commented that this was very frustrating.

Mr. Hoeft also pointed out that the "clock was ticking" because they have been approved for tax credits.

Chair Ortiz asked when the tax credit was issued, and Mr. Hoeft said June.

**The motion passed 4-0 by voice vote.**

#### **ITEMS FROM STAFF**

None.

#### **ITEMS FROM COMMITTEE**

None.

**AGENDA ITEMS FOR SEPTEMBER 3, 2003**

Mr. Kassisieh stated that there may be a contract coming forward, if the City Attorney's Office approves it, on a Game & Fish request near the golf course to use 10,000 gallons of treated effluent on an experimental tree farm.

**ADJOURN**

Its business completed, the Public Utilities Committee adjourned the meeting at approximately 8:00 p.m.

Approved by:

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Councilor Matthew E. Ortiz, Chair

Submitted by:

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Judith S. Beatty, Committee Reporter

